

General Information Letter: Gain realized by a nonresident on the sale of Illinois realty will generate Illinois income.

March 20, 2001

Dear:

This is in response to your letter of February 2, 2001 in which you request a private letter ruling. Department rules require that the Department issue two types of rulings, private letter rulings and general information letters. The Department has adopted rules concerning letter rulings and other information issued by the Department (*2 Ill. Adm. Code 1200*). We would be happy to send you a copy of those rules at your request.

Although you have not requested either type of ruling on behalf of your company, the nature of your questions and the information you provided necessitates that we respond in the form of general information letter. A general information letter, which is designed to provide general information, is not a ruling that is binding on the Department.

In your letter you wrote:

I own a 130 acre farm in xxxxxxxxxxxxxxxx, Illinois and I am exploring the tax ramifications if I should decide to sell it.

What I need to know is if I do sell it what if any tax do I have to pay the state of Illinois? And if I sold it, say this spring, would the tax I assume I would be liable for, be due at the time of sale or would it be due in April 15, 2002?

Frankly gentlemen, I hope you tell me that I only have to pay the US government a capital gain and nothing to the state of Illinois! There are so many legal and tax entanglements today that it is ridiculous.

## **DISCUSSION**

As your property is located in Illinois, you would have to apportion capital gains to Illinois. However, for income tax purposes Illinois generally follows the federal government as regards the taxation of capital gains. Capital gains are found on line 13 of the federal 1040. Thus, capital gains are part of the "federal adjusted gross income" figure which you write on line 1 of the IL-1040. Since you compute capital gains as part of your income tax calculation the taxes are not due until you file your Illinois income tax return for the year involved.

As mentioned above, this is merely a general information letter and not a statement of policy and is not binding upon the Department. I hope that this has been helpful to you. The Department maintains a website, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have additional questions please feel free to contact me at the above address.

Very Truly Yours,

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